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CENTRAL INTELLIGENCE BULLETI

CURRENT INTELLIGENCE RELATING TO NATIONAL SECURITY

State Department review completed

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8 September 1964

CENTRAL INTELLIGENCE BULLETIN

CONTENTS

1.	South Vietnam: Premier Khanh moving slowly in trying to stabilize his position. (Page 1)	
2.	Cyprus: Future of British bases may become major issue in negotiations for settlement. (Page 3)	
3.	Congo: Stanleyville rebels announce "Congo People's Republic." (Page 5)	
		25X1
5.	Malaysia: Singapore riots may be effort to divert attention from Indonesian airdrop. (Page 8)	
		25X1
7.	Communist Agriculture: Crop prospects in the Communist world look better than a year ago. (Page 10)	
		25X1
9.	Note: Communist Bloc. (Page 12)	

CENTRAL INTELLIGENCE BULLETIN

8 September 1964

DAILY BRIEF

*South Vietnam: Premier Khanh is moving slowly to try to stabilize his position.

He told Ambassador Taylor that, at Buddhist request, he was still holding up the arrest of certain suspected Viet Cong agents. Khanh argued that he had to move slowly in such matters until emotions subside. He appeared particularly concerned with the need to retain Buddhist support.

Khanh told Taylor that he had decided to "butter up" General Minh by giving him the title of chief of the triumvirate, and making him largely responsible for setting up the proposed Council of National Unity which is to select a provisional government. Khanh apparently has not yet formally accepted any military resignations from his interim government, but he said he intends to name himself defense minister in place of General Khiem, and shortly to abolish Khiem's position of armed forces commander in chief.

Khanh has moved without overt resistance so far to reduce the power of Dai Viet officers. The 7th Division south of Saigon has been resubordinated to the IV Corps command in the far south, and the loyal armored commander reportedly has tightened his control over armored squadrons.

Civilian Dai Viet Party leader Nguyen Ton Hoan departed this weekend for "temporary" exile. Hoan has issued a statement from Hong Kong charging that

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Khanh is under Buddhist domination, and warned that action would be taken if the situation does not improve.

Although there has been no significant change in Viet Cong military activity, government air defense of two Mekong River outposts under heavy Communist attack near Cambodia on 5 September led to border violations by Cambodian gunboats and one jet aircraft. Continued border tensions could provoke some retaliatory measures by the Khanh government, partly as a device to unify the Vietnamese public.

*Cyprus: The future of the two British military bases may become a major issue in negotiations for a Cyprus settlement.

President Makarios, in a 5 September interview, stated that the future of the British bases should be discussed before enosis. He expressed opposition to Britain's maintaining sovereignty over the bases which, he claimed, would permit London at some future date to transfer them to some other "organization"--presumably a reference to proposals for NATO bases on the island.

Makarios' statement may indicate a new position from which he hopes to preclude enosis--at least for some time--and thus retain his political power.

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Greek Foreign Minister Kostopoulos informed the US ambassador in Athens that during the Makarios-Nasir meetings the Egyptian President agreed to make a few Harvard-type planes available to the Greek Cypriots. He also stated that Makarios will now permit the rotation, under UN supervision, of troops of the Turkish Army contingent on Cyprus.

Kostopoulos also expressed confidence that General Grivas now has "complete control" over Greek Cypriot forces and will prevent them from "getting out of line." Grivas, according to Kostopoulos, will also insure that supplies get through to both the Turkish Cypriots and the Turkish Army contingent in order to prevent new violence?

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ΔΕΣΥ(φved For Release 2003/01/29 : CIA-RDP79T00975A00 900060001-8 25X6 25X6 Yesterday the Cypriot Government announced that Kyprianou would leave today for New York to attend the forthcoming UN Security Council meeting on Cyprus. Meanwhile, a Cypriot delegation will leave for Moscow this week under the chairmanship of Minister of Industry and Commerce Araouzos. 25X1

8 Sept 64

DAILY BRIEF

4

Approved For Release 2003/01/29 : CIA-RDP79T00975A00790060001-8



*Congo: Rebel leaders in Stanleyville have announced the formation of a "Congo People's Republic."

Stanleyville radio announced on 6 September that the new rebel government's premier and president was Committee of National Liberation (CNL) leader Christophe Gbenye and its Defense Minister was CNL leader Gaston Soumialot. The rebels hoped to enhance their status during the Organization of African Unity (OAU) meeting in Addis Ababa.

No foreign recognition has been accorded, and the radical African states will probably move very cautiously on establishing relations. Moscow will probably await an African lead. Peiping, though more inclined to take a militant stance, will also probably be cautious.

The announcement will probably be a source of further rebel infighting. Gbenye is heartily disliked and regarded with suspicion by many of the personalities and factions which comprise the CNL and the rebel movement.

Rebel military pressures on the Coquilhatville area are increasing. In three days rebel forces have taken Befale, Basankuru, and Boende. The central government, however, has begun to send reinforcements to the area. Because the Congo River is the only adequate means of transport from Coquilhatville to Leopoldville, a plan now is being considered to remove all boats usable by the rebels.

At the OAU meeting, Tshombé has increased his African image and disarmed some of his adversaries by adopting a restrained and moderate approach. He has offered to dispense with his white mercenaries once forces from "'friendly" African states become available.

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5

Approved For Release 2003/01/29 : CIA-RDP79T00975A007900060001-8

The radical African states, anxious to bolster the rebels' cause, continue to press for direct OAU intervention for a "political solution." The meetings will probably result, however, in a resolution for an OAU commission to investigate the deteriorating relations between Congo (Leopoldville) and its two neighbors, Congo (Brazzaville), and Burundi.

Malaysia: Rioting in Singapore continued during the weekend.

The riots, which began on 2 September, have caused several deaths but appear to be less intense and more localized than in the July rioting.

In contrast to the communal character of the July incidents, recent violence has been instigated by well-organized gangs moving into potential trouble spots during periods of curfew relaxation and using new tactics, including arson. Some of the trouble-makers apprehended appear to be pro-Indonesian.

This lends substance to Malaysian Prime Minister Rahman's charges that the riots are being fomented to divert attention from the recent Indonesian airdrop in Malaya and to stir up racial clashes which could ultimately jeopardize Malaysia's viability.

If the rioting spreads, security forces may become dangerously overextended, and a prolongation of the new emergency status could have serious psychological or economic effects on the population.

Communist Agriculture: Crop prospects in the Communist world look better than a year ago.

The grain crop in the USSR promises to be the best since the estimated record harvest of 1958, unless the weather turns bad in the crucial new lands area in the next few weeks.

In Eastern Europe the forecast is for another mediocre agricultural year. Inadequate precipitation and unusually hot weather have contributed to the generally poor outlook. Except for Rumania, all the European satellites will depend on Western sources for a large share of their grain imports in 1964-65 in spite of the good Soviet harvest.

Communist China's early harvest is completed and may be 10-15 percent above last year's poor one. Barring unfavorable weather in the fall, the total harvest of grain and tubers for the year may possibly exceed the 175-180 million tons produced last year. Peiping has already signed contracts for 5.3 million metric tons of Western grain. Prospects are good in North Vietnam but poor in North Korea.

The Cuban sugar crop was about the same size as last year's, but the coffee harvest will probably be below average because of hurricane damage in 1963. This year's Hurricane Cleo apparently did no significant damage to crop areas.

25X1

8 Sept 64

DAILY BRIEF

10



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NOTE

Communist Bloc: Yugoslav President Tito is now scheduled to hold talks this month with Hungarian party first secretary Kadar as well as Rumania's Gheorghiu-Dej, East Germany's Ulbricht, and Czechoslovakia's Novotny. Although ineligible to attend next December's conference of 26 Communist parties, Tito is again deeply involved in international Communist affairs and will probably use these visits to argue against any move to expel the Chinese from the international movement. He will also urge caution, particularly on Rumania's part, in the interest of preventing any move to establish stronger Soviet control of the movement.

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